Washington, DC - In an effort to prevent a more severe economic collapse from occurring in the future, Congressman Maurice Hinchey (D-NY) today introduced the Too Big to Fail, Too Big to Exist Act, which would require the Secretary of the Treasury to dismantle any U.S. financial institution deemed to be so big that its potential collapse would undermine the entire U.S. economy. Hinchey's bill is the House companion to U.S. Senator Bernie Sanders' bill, S. 2746, which was introduced earlier this month.

"We're unfortunately very familiar with the devastating consequences that a financial institution's collapse can have on our economy," said Hinchey, who is a member of the Joint Economic Committee (JEC). "Instead of trying to prevent future collapses of enormous banks or scrambling to come up with trillions of dollars in taxpayer money to bail them out, let's avoid such a major risk by dismantling those massive firms now. Put simply, if a financial firm is considered too big to fail, then it is too big to exist and should be unwound quickly. As bad as this economic collapse has been, if we allow these goliaths to continue to exist then the entire economy could come crumbling to its knees."

Today, just four huge financial institutions (Bank of America, Citigroup, JP Morgan Chase, and Wells Fargo) hold half the mortgages in America, issue nearly two-thirds of credit cards, and control about 40 percent of all bank deposits in the U.S. In addition, the face value of over the counter derivatives at commercial banks has grown to $290 trillion, 95 percent of which are held at just five financial institutions in the entire country (Bank of America, Citigroup, Goldman Sachs, JP Morgan Chase, and Morgan Stanley).

"If an institution is too big to fail, it is too big to exist," said Sanders, a member of the Senate Budget Committee. "No single financial institution should be so large that its failure would cause catastrophic risk to millions of American jobs or to our nation’s economic wellbeing. No single financial institution should have holdings so extensive that its failure could send the world economy into crisis. We need to break up these institutions because they have done just tremendous damage to our economy."

Hinchey's and Sanders' Too Big To Fail, Too Big To Exist Act would require the Secretary of the Treasury to identify every financial institution and insurance company in this country that is too big to fail within 90 days. After one year, the Secretary of the Treasury would be required to break-up these institutions so that their failure would not lead to the collapse of the U.S. or global economy.

"We need to put these commonsense safeguards in place now and eliminate the possibility of a firm collapsing leading to the collapse of the overall U.S. economy," Hinchey said. "The U.S. economy should be able to sustain the collapse of a financial firm. Unfortunately, we currently remain in a vulnerable position where these firms are so enormous that the federal government needs to be poised to bail them out if they collapse. That would change under our legislation."

It's been more than a year since Congress passed the $700 billion bailout of Wall Street. The Federal Reserve also committed trillions of additional dollars in virtually zero interest loans and other assistance to large financial institutions. These efforts have resulted in the largest taxpayer bailout in the history of the world.

A wide array of prominent economic and financial leaders have spoken out in favor of breaking up the largest financial firms in the country. Former Federal Reserve Chairman Alan Greenspan, former Federal Reserve Chairman Paul Volker, U.S. Federal Deposit Insurance Corporation Chairwoman Sheila Blair, and others have all said that the U.S. should look at unwinding large institutions considered too big to fail.